
By: **Delegate Love**

Introduced and read first time: February 7, 2003

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Insurance - Maryland Automobile Insurance Fund - Premium Rates**

3 FOR the purpose of repealing a certain provision of law that requires the Maryland
4 Insurance Commissioner, in reviewing certain premium rates filed by the
5 Maryland Automobile Insurance Fund, to consider not only certain rating
6 principles but also a certain purpose of the Fund; making a certain conforming
7 change; and generally relating to the Maryland Automobile Insurance Fund.

8 BY repealing and reenacting, with amendments,
9 Article - Insurance
10 Section 20-507
11 Annotated Code of Maryland
12 (2002 Replacement Volume and 2002 Supplement)

13 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
14 MARYLAND, That the Laws of Maryland read as follows:

15 **Article - Insurance**

16 20-507.

17 (a) Subject to the approval of the Commissioner, the Executive Director shall
18 determine the premiums to be charged on policies issued by the Fund.

19 (b) (1) Except as provided in subsection (c) of this section, the provisions of
20 Title 11, Subtitle 2 of this article apply to the determination of premiums by the
21 Executive Director.

22 (2) Notwithstanding Title 11, Subtitle 2 of this article or any other
23 provision of this title, the Executive Director may base premiums on one or both of the
24 following items:

25 (i) the number of points accumulated by an insured or applicant
26 for insurance under the point system provided for in Title 16, Subtitle 4 of the
27 Transportation Article; or

1 (ii) the prior claims experience of an insured or applicant for
2 insurance.

3 (c) [(1)] Premiums for all commercial coverage shall be determined in
4 accordance with this section and § 20-508 of this subtitle.

5 [(2)] Notwithstanding paragraph (1) of this subsection, the rating
6 principles under subsection (d) of this section may not be used to determine the
7 premium for commercial coverage.

8 (d) In reviewing rates filed by the Fund, the Commissioner shall consider not
9 only the rating principles under Title 11, Subtitle 2 of this article but also the
10 statutory purpose of the Fund under § 20-301 of this title.]

11 [(e)] (D) (1) The Motor Vehicle Administration and Executive Director may
12 arrange for the Motor Vehicle Administration to collect premiums on policies issued
13 by the Fund when the Motor Vehicle Administration issues a driver's license or
14 certificate of registration.

15 (2) A premium collected under this subsection shall be paid to the State
16 Treasurer for the account of the Fund.

17 [(f)] (E) (1) The Fund may not:

18 (i) provide directly or indirectly for the financing of premiums; or

19 (ii) accept premiums on an installment basis.

20 (2) A premium may be financed only by a premium finance company
21 registered with the Commissioner in accordance with § 23-201 of this article.

22 (3) If a prospective insured's initial payment to the Fund, a fund
23 producer, or premium finance company is not honored, a policy or endorsement issued
24 in reliance on that payment is void.

25 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
26 October 1, 2003.